

APPENDIX B

003-010071-009

ORGANIZATION AND FUNDING1. ORGANIZATION.

A. Managing Committee. The governing body of the Association shall be the Managing Committee which shall consist of a designated representative of each Member Company who shall be empowered to act and make binding decisions on behalf of his company.

B. Officers. A Chairman, a Vice-Chairman, two At-Large Committee Members, and such other officers as may be required shall be elected from among the Member Companies by the Managing Committee and each shall serve a term of office of 24 months and may be re-elected for one continuing term, except for the Chairman, whose term of office, as Chairman, and the Vice-Chairman, whose term as Vice-Chairman, will be limited to one two-year period. The terms of office of Chairman and Vice-Chairman shall commence on July 1 of even numbered years. In the event a Chairman resigns, the Vice-Chairman will replace the outgoing Chairman, for the following term of office: the remainder of the Chairman's term plus two years, if the remainder of the term is less than 18 months; or, the remainder of the Chairman's term, if the remaining term is greater than 18 months. The terms of office of At-Large Committee Members will commence on July 1 of odd years. Only officially designated Member Line representatives are eligible for the offices of Chairman, Vice-Chairman, and At-Large Committee Member. An out-going Chairman is not eligible for the offices of Vice-Chairman or At-Large Committee Member for a two-year period. The President of the Association shall be employed pursuant to contract terms.

C. Committees.

(1). Executive Committee. There shall be an Executive Committee comprised of the Chairman, the Vice-Chairman, the two At-Large Committee Members, the Marketing Committee's Chairman, none of whom may be employees of the same Member Company or related Member Companies, and the President of the Association. This committee will oversee the Association's operating activities between meetings and will maintain the financial integrity of the approved Managing Committee Plan and Budget. Plan variances in excess of 10% of the aggregate revenue or expense will require approval of the full Managing Committee. All policy matters will be approved by the full Managing Committee in order to become accepted policy.

RECEIVED

DEC 28 1989

The Cruise Lines International
Association Agreement

Original
Page No. B-1a

(2). Marketing Committee. There shall be a Marketing Committee, comprised of representatives of Member Companies, which will provide for geographic and product representation. The Executive Committee will appoint a Chairman of the Marketing Committee, who shall serve a term of office of 24 months, commencing on July 1 of even numbered years. In the event of the resignation of a Marketing Committee Chairman, the Executive Committee will appoint an acting Chairman of the Marketing Committee to serve the remainder of the Chairman's term of office. All Members of the Marketing Committee may serve for successive one-year terms. Although the Managing Committee is the governing body of the Association and as such is the ultimate decision-making authority, the Marketing Committee has the authority to implement programs it has planned which have been conceptually approved by the Managing Committee.

(3). Nominating Committee. There shall be, as necessary, a Nominating Committee, responsible for recommending candidates for the offices of Chairman, Vice-Chairman, and At-Large Committee Member to the Managing Committee. The Nominating Committee shall be comprised of all past Chairmen of the Association, the Nominating Committee Chairman, designated by the current Association Chairman, and such additional members, selected by the current Association Chairman, as necessary to insure representation by all sizes of Member Lines. Members of the Committee must be officially designated Member Line representatives.

(4). Other Committees. Additional standing or temporary committees may be created and assigned duties by the

The Cruise Lines International
Association Agreement

Substitute
First Revised
Page No. B-2

Managing Committee or Executive Committee as considered necessary. Unless otherwise agreed, the findings of such additional committees shall be recommendatory only.

D. Staff Officers. The Managing Committee may appoint Staff Officers of the Association who shall be employees of the Association. Under the direction of the Managing Committee and/or the Executive Committee and/or the Marketing Committee, as appropriate, they shall be responsible for fulfillment of such assigned duties as are consistent with the purposes of the Agreement.

E. Meetings, Quorum, Decisions, Minutes. At least two Managing Committee meetings shall be held each year at a time, date and place as agreed. Ordinarily, meetings will be held at the call of the Managing Committee Chairman. However, any Member Company, with the endorsement of at least two other Member Companies, or a Staff Officer, with the endorsement of the Managing Committee Chairman, may request a special meeting of the Managing Committee for a special purpose. Upon receipt by a Staff Officer of such a request (or upon receipt of the Chairman's approval of a Staff Officer's request), a meeting will be convened within thirty (30) days. Every effort will be made to assure receipt by Members of docketed agenda items at least ten (10) days prior to the meeting. If agreed, additional items not docketed may be discussed. Decisive actions of the Managing Committee shall be considered confirmed when taken. Quorums shall consist of ~~two-thirds~~ 51% of the Member Companies. If the Member Company seeking the meeting so stipulates, the meeting shall be held without a quorum. However, no action may be taken without the agreement of at least ~~three-quarters~~ a simple majority (51%)* of the total Member Companies of the Association unless otherwise specifically provided herein. Vote may be made by proxy, but no Member Company can hold more than two proxies and the Chairman cannot hold proxies. A report of all meetings of the Managing Committee within the scope of this Agreement, specifying any action taken, including action resulting from mail or telephone ballot, shall be prepared and promptly transmitted to the Federal Maritime Commission. * Note Effect 1-22-9

2. OPERATION AND MAINTENANCE EXPENSE. The Association's fiscal year shall coincide with the calendar year. The cost of the operation and maintenance of the Association shall be supported by annual assessment among the Member Companies, which shall be paid in advance on or before January 1 of each year, and by collection of annual fees from Independent Travel Agents, both of which shall be at levels fixed by the Managing Committee. Companies joining the Association shall be guided by Article 7 of the Agreement in respect of financial responsibility.

3. NOTICES. Any period of notice provided for in the Agreement shall be given in writing and shall commence upon date of receipt.

The Cruise Lines International
Association Agreement

First Revised
Page No. B-2

Managing Committee or Executive Committee as considered necessary. Unless otherwise agreed, the findings of such additional committees shall be recommendatory only.

D. Staff Officers. The Managing Committee may appoint Staff Officers of the Association who shall be employees of the Association. Under the direction of the Managing Committee and/or the Executive Committee and/or the Marketing Committee, as appropriate, they shall be responsible for fulfillment of such assigned duties as are consistent with the purposes of the Agreement.

E. Meetings, Quorum, Decisions, Minutes. At least two Managing Committee meetings shall be held each year at a time, date and place as agreed. Ordinarily, meetings will be held at the call of the Managing Committee Chairman. However, any Member Company, with the endorsement of at least two other Member Companies, or a Staff Officer, with the endorsement of the Managing Committee Chairman, may request a special meeting of the Managing Committee for a special purpose. Upon receipt by a Staff Officer of such a request (or upon receipt of the Chairman's approval of a Staff Officer's request), a meeting will be convened within thirty (30) days. Every effort will be made to assure receipt by Members of docketed agenda items at least ten (10) days prior to the meeting. If agreed, additional items not docketed may be discussed. Decisive actions of the Managing Committee shall be considered confirmed when taken. Quorums shall consist of 51% of the Member Companies. If the Member Company seeking the meeting so stipulates, the meeting shall be held without a quorum. However, no action may be taken without the agreement of at least a simple majority (51%) of the total Member Companies of the Association unless otherwise specifically provided herein. Vote may be made by proxy, but no Member Company can hold more than two proxies and the Chairman cannot hold proxies. A report of all meetings of the Managing Committee within the scope of this Agreement, specifying any action taken, including action resulting from mail or telephone ballot, shall be prepared and promptly transmitted to the Federal Maritime Commission.

2. OPERATION AND MAINTENANCE EXPENSE. The Association's fiscal year shall coincide with the calendar year. The cost of the operation and maintenance of the Association shall be supported by annual assessment among the Member Companies, which shall be paid in advance on or before January 1 of each year, and by collection of annual fees from Independent Travel Agents, both of which shall be at levels fixed by the Managing Committee. Companies joining the Association shall be guided by Article 7 of the Agreement in respect of financial responsibility.

3. NOTICES. Any period of notice provided for in the Agreement shall be given in writing and shall commence upon date of receipt.

earnings shall not be used to balance the budget nor should they be considered available for any additional spending.

5. COMPLIANCE WITH LAW. The Member Companies agree to comply with applicable governmental laws related to the operation of CLIA.

6. MEMBER COMPANIES' FEES. This glossary is to ensure a common understanding by all concerned of the several fees applicable to a CLIA Member Company. When the subject of the Members' fees is addressed either orally or in writing, use of the proper term only will assure continued understanding by all parties.

A. Admission Fee - A one-time charge applied to a Member Company as a "buy-in" of its equity in the Association's activities. The admission fee must be tendered in advance of acceptance, and will be returned in the event that the applicant is not accepted as a Member Company. The amount of this charge shall be as determined from time to time by the Managing Committee. At present, the Admission Fee is equal to the projected Current Annual Assessment for the applicant in the year in which it joins.

B. Annual Basic Fee - An annual uniform sum paid by all Member Companies which is the first of two portions of their Current Annual Assessment. Beginning with calendar year 1990, the Annual Basic Fee shall be an amount equal to each Member Company's per capita share of thirty percent (30%) of the Association's total annual operating budget. For 1991, the Annual Basic Fee shall be determined on the basis of 40% of the annual operating budget of the Association. For 1992, and thereafter, the Annual Basic Fee shall be determined on the basis of 50% of the annual operating budget of the Association.

The Cruise Lines International
Association Agreement

Original
Page No. B-4a

C. Annual Supplemental Fee - Each Member Company's proportional share of the Association's total annual operating budget after deduction of the collective Annual Basic Fees. Such share is determined via a formula consisting of three elements, i.e., number of lower beds per ship, number of annual operating days per ship, and percentage of annual sales expected to be made in North America per ship. This fee is the second of two portions of each Member Company's Current Annual Assessment. The Annual Supplemental Fee for an applicant shall be determined as though such applicant were a Member Company for the full calendar year.

The three formula factors referred to above are interpreted as follows:

(i) Total Number of Lower Beds - This figure should represent the total number of lower beds indicated in the current

brochure of the Member Company or Applicant. It should not be determined by the number of beds that are expected to be sold during the calendar year. Expressions such as "Queen," "King" or "Oversize" beds are regarded as two (2) lowers and the word "Sofa" is regarded as one (1) lower. Any individual cabin has a maximum of 2 lower berths for CLIA apportionment purposes. The only exception would be in instances of cabin reconfigurations which have not been reflected in the Line's latest brochure.

(ii) Operating Days - This figure should represent the total number of days in a calendar year during which the ship will be earning revenue via passenger occupancy, including occupancy via charter. In most instances, the figure should be 365 less drydock days and dead-head days or turn-around days which exceed 24 hours and during which no passengers are embarked.

(iii) Expected Percent of Sales - This figure should represent the best estimate of the Member Company of where its sales for the calendar year will be made, i.e., the percent expected from North America versus the percent expected from elsewhere. For purposes of this clarification, North America includes Canada, the fifty United States, Mexico, the countries of Central America and the island countries or United States possessions or territories in the Caribbean.

D. Current Annual Assessment - Each Member Company's total annual contribution which is made up of two portions, i.e., its Annual Basic Fee (the total Annual Basic Fee being shared equally among all lines) and its Annual Supplemental Fee (determined in accordance with Article 6.C. herein). The total of all Current Annual Assessments will support the Association's annual operating budget. In respect of an applicant for its initial partial year of membership, its initial Current Annual Assessment, which is in addition to its Admission Fee, will be the sum of its Annual Basic Fee and its Annual Supplemental Fee which will create income for the Association in excess of the annual operating budget. The Current Annual Assessment for an applicant must be tendered in advance of acceptance, and will be returned in the event that the applicant is not accepted as a Member Company.

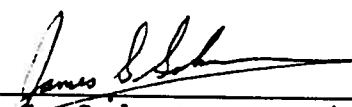
E. Minimum Annual Fee - In no event shall a Member Company's Current Annual Assessment be less than the Minimum Annual Fee. This minimum shall be as determined from time to time by the Managing Committee. At present a Member Company's Minimum Annual Fee is \$12,000.00.

F. Current Annual Assessment Adjustments - At the close of each calendar year each Member Company will advise the Association of any changes during the year just ended in respect of the number of lower beds per ship, the number of annual operating days per ship, and the percentage of sales per ship actually made in North America (versus the expected percentage).

SIGNATURE PAGE

IN WITNESS WHEREOF, the below listed parties, constituting the Member Lines of the Cruise Lines International Association ("CLIA"), have caused this modification to 1st Revised Page Nos. 9, 10, 11, B-1, B-2, B-4 and B-5, and Original Page Nos. B-1a and B-4a of FMC Agreement No. 003-010071, to be executed on their behalf by James G. Godsman, President of CLIA, this 8th day of December, 1989. The modifications amend the Agreement and Appendix B with respect to administrative matters duly approved by the CLIA Member Lines.

Admiral Cruises
American Hawaii Cruises
Bermuda Star Line
Carnival Cruise Lines
Chandris Fantasy Cruises
Clipper Cruise Line
Commodore Cruise Line, Ltd.
Costa Cruises
Crown Cruise Line
Crystal Cruises
Cunard Line, Ltd.
Cunard/Norwegian American Cruises
Cunard Sea Goddess
Delta Queen Steamboat Co.
Dolphin Cruise Line
Dolphin Hellas Cruises
Epirotiki Lines, Inc.
Holland America Line
Norwegian Cruise Line
Ocean Quest International
Oceanic Cruises
Ocean Cruise Lines, Inc.
Pearl Cruises of Scandinavia, Inc.
Premier Cruise Lines
Princess Cruises/(Sitmar Cruises)
Regency Cruises
Royal Caribbean Cruise Line, Inc.
Royal Cruise Line
Royal Viking Line
Seabourn Cruise Line
Society Expeditions Cruises
Sun Line Cruises
Windstar Sail Cruises
World Explorer Cruises


James G. Godsman, President of CLIA
and duly authorized representative
of the CLIA Member Lines